

Message Text

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FOLLOWING TEL SENT ACTION GENEVA, BRASILIA, BANGKOK INFO MTN
GENEVA, WELLINGTON, CANBERRA, LONDON, BRUSSELS, NEW DELHIWN
LISBON, OTTAWA FROM STATE FEB 14:

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E.O. 11652: N/A

TAGS: GATT, ETRD

SUBJECT: INSTRUCTIONS FOR FEB. 17 GATT COUNCIL MEETING

REF: (A) GENEVA 780 (NOTAL); (B) GENEVA 447 (NOTAL);
(C) BRASILIA 10428 (NOTAL)

1. BALANCE OF PAYMENTS COMMITTEE REPORTS--U.S. REP MAY
APPROVE COUNCIL TAKING NOTE OF REPTRTS. IF THERE ARE
INDICATIONS OF A MAJOR DISCUSSION OF GATT BOP PROCEDURES,
U.S. DEL SHOULD REMIND THE COUNCIL THAT THIS WILL BE ONE
OF THE PRIORITY ITEHS ON THE AGENDA FOR THE FEBRUARY 24-251

MEETING TF THE GROUP OF 18 AND IT WOULD, THEREFORE,
PROBABLY MAKE MORE SENSE TO POSTPONE THE COUNCIL'S CON-
SIDERATION OF THIS ISSUE UNTIL THE RESULTS OF THE G-18
DISCUSSION ARE KNOWN.

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2. SCHEDULE OF BALANCE OF PAYMENTS CONSULTATIONS FOR 1976

--U.S. DEL MAY SUPPORT ROUTINE NOTING.

3. BIENNIAL REPORTS ON EC/EFTA AGREEMENTS--MISSION IS REQUESTED TO MAKE FOLLOWING STATEMENT: IN WORKING PARTY CONSIDERATION OF THESE AGREEMENTS IN 1973 THE U.S. SAID THE UNNECESSARILY RESTRICTIVE ORIGIN RULES IN THE AGREEMENTS WERE INCONSISTENT WITH GATT PROVISIONS AND WOULD PROVIDE AN UNJUSTIFIABLE INDUCEMENT TO PRODUCERS WITHIN THE AREA TO REPLACE THIRDCOUNTRY COMPONENTS WITH COMPONENTS PRODUCED IN THE FREE TRADE AREAS. TO THE EXTENT TARIFF CONCESSIONS HAVE BEEN GRANTED ON THESE COMPONENTS THESE TARIFF CONCESSIONS WOULD BE IMPAIRED. THESE CONCERNS HAVE PROVEN CORRECT AS U.S. AND OTHER THIRTEEN COUNTRY FIRMS ARE LOSING SALES BECAUSE EUROPEAN FIRMS ARE SWITCHING TO SOURCES WITHIN THE FREE TRADE AREA SO THAT PREFERENTIAL TARIFF TREATMENT ON FINISHED PRODUCTS CAN BE SECURED. ALTHOUGH THERE HAVE BEEN SOME MINOR MODIFICATIONS IN THE ORIGIN RULES, THE PACE OF LIBERALIZING CHANGE HAS BEEN MUCH TOO SLOW. DISCUSSIONS ON THE UNJUSTIFIABLE RESTRICTIONS IN THE EC/EFTA ORIGIN RULES ARE CONTINUING UNDER ARTICLE XXII AND HAVE SERVED SOME PURPOSES BUT PROGRESS HAS BEEN DISAPPOINTING. U.S. WILL BE REPORTING TO THE CPS ON THIS MATTER AT A LATER DATE.

4. REPORT OF WP ON CANADIAN EGG RESTRICTIONS--U.S. REP SHOULD STATE: FOLLOWING GATT WP REPORT ON CANADIAN EGG RESTRICTIONS, THE U.S. AND CANADA HAVE BEEN CONSULTING AND SIGNIFICANT PROGRESS TOWARD A RESOLUTION OF THE ISSUE HAS BEEN MADE. THE U.S. BELIEVES THAT TIMELY GATT WORKING PARTY CONSIDERATION OF THIS MATTER WAS HELPFUL IN BRINGING THIS ISSUE CLOSER TO RESOLUTION. THE U.S. WISHES TO THANK THOSE CPS WHICH PARTICIPATED IN THE WORKING PARTY. U.S. REP SHOULD INFORM CANADIAN DEL OF OUR POSITION BEFORE MEETING AND ATTEMPT TO COORDINATE U.S. AND CANADIAN STATEMENTS.

5. AUSTRALIA TEXTILE RESTRICTIONS--U.S. DEL SHOULD KEEP LIMITED OFFICIAL USE
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QUIET PER REFTEL A.

6. UK IMPORT RESTRICTIONS--MISSION'S ASSUMPTION IN PARA. 6 REFTEL A IS CORRECT.
U.S. DEL SHOULD MAKE STATEMENT
ALONG LINES OF STATE 23234.

7. INDIA WAIVER TO INTRODUCE NEW TARIFF--U.S. DEL MAY SUPPORT GRANTING OF ARTICLE XXV WAIVER TO INDIA WITH DEC. 31, 1977, EXPIRATION DATE TO FACILITATE IMPLEMENTATION OF

NEW CUSTOMS TARIFF PER GENEVA 651 AND GENEVA 982.

8. ADMINISTRATIVE AND FINANCIAL QUESTIONS ADJUSTMENT OF CONTRIBUTIONS--U.S. DEL MAY SUPPORT APPROVAL OF PROPOSALS FIXING COLOMBIA'S CONTRIBUTION TO THE BUDGET A D ADVANCE TO THE WORKING CAPITAL FUND AND THE ADJUSTMENT OF THE NETHERLANDS' CONTRIBUTION AS DESCRIBED REFTEL B.

9. NEW ZEALAND PRIOR IMPORT DEPOSITS--U.S. REP SHOULD RECOMMEND BOP COMMITTEE CONSIDERATION OF NZ IDS, NOTING THE FUNDAMENTAL INTEREST ALL CPS HAVE IN REVIEWING TRADE RESTRICTIONS TAKEN FOR BOP REASONS. WHILE U.S. RECOGNIZES ARTICLE XII DOES NOT TECHNICALLY COVER IDS'S THESE HAVE BEEN RECOGNIZED DE FACTO AS MEASURES SUBJECT TO REVIEW. A BOP REVIEW OF THE NZ MEASURE WOULD BE CONSISTENT WITH THE SUGGESTIONS PUT FORWARD BY U.S. IN G-18. US REP SHOULD ALSO NOTE U.S. RECOGNITION OF SERIOUSNESS OF NZ BOP PROBLEM AND NEED FOR SOME FORM OF CORRECTIVE ACTION. U.S. REP SHOULD SEEK ASSURANCE THAT MEASURE IS TEMPORARY AND WILL BE APPLIED IN STRICT NONDISCRIMINATORY MANNER AND EXPRESS HOPE NZ WILL IMPLEMENT APPROPRIATE FISCAL AND MONETARY MEASURES WHICH WILL PERMIT THE EARLY REMOVAL OF THE IDS. IF NEW ZEALAND IS ADAMANT ABOUT AVOIDING BOP COMMITTEE REVIEW AND IT APPEARS OTHER COUNTRIES SUPPORT FORMATION OF A WORKING GROUP, U.S. SHOULD INDICATE RESERVATIONS BUT NOT OPPOSE FORMATION OF WORKING GROUP.

10. ITC ESCAPE CLAUSE ACTION--A. ALLOY STEEL: WE ARE CURRENTLY REVIEWING THE FINDINGS AND RECOMMENDATIONS OF THE INTERNATIONAL TRADE COMMISSION AND ARE PREPARED TO CONSULT WITH OUR TRADING PARTNERS IN THE GATT. HOWEVER, LIMITED OFFICIAL USE
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U.S. PARTICIPATION IN SUCH CONSULTATIONS WILL BE CONSTRAINED BY THE FACT THAT A DECISION AS TO ACTION WHICH MAY BE TAKEN HAS NOT YET BEEN MADE. SUCH A DETERMINATION WILL ONLY BE MADE BY THE PRESIDENT FOLLOWING HIS REVIEW OF THE ITC REPORT AND ADVICE OF THE EXECUTIVE SECRETARY.

B. FOOTWEAR: WE ARE NOT IN A POSITION TO INDICATE WHAT THE OUTCOME OF THE ITC ESCAPE CLAUSE PROCEEDING WILL BE. THE ITC REPORT IS DUE FEB. 20. IF IT IS AFFIRMATIVE THE ITC REPORT WILL BE PROCESSED WITHIN THE USG IN THE SAME MANNER AS THAT FOR ALLOY STEEL.

11. BRAZILIAN BOP MEASURES (REFTEL C BEING TRANSMITTED TO GENEVA VIA SEPTTEL)--INSTRUCTION BE TRANSMITTED VIA SEPTTEL.

12. APPOINTMENT OF NEW EXTERNAL AUDITOR--U.S. DEL MAY SUPPORT APPOINTMENT

OF NEW EXTERNAL AUDITOR PER FEB. 13
LANDERS/SPRUCE TELECON.

13 BANGKOK AGREEMENT--U.S. DEL SHOULD NOT MAKE ANY
INITIATIVE ON THIS ISSUE IN COUNCIL BUT GENEVA AND BANGKOK
ARE REQUESTED TO CONTACT THE SECRETARIATS OF THE GATT AND
ESCAP RESPECTIVELY AND/OR ANY OTHER LOCAL SOURCES, INCLUDING
PARTIES TO THE AGREEMENT, TO TRY AND ESTABLISH WHETHER
CURRENTLY IN FORCE, AND WHAT PLANS THE MEMBERS HAVE TO
NOTIFY IT TO THE GATT.

14. CHAIRMAN OF BALANCE OF PAYMENTS COMMITTEE
(GENEVA 981)--U.S. DEL MAY SUPPORT JAGMETTI FOR CHAIRMAN.

15. TRAVEL EXPENSES FOR PARTICIPANTS IN GATT COMMERCIAL
POLICY TRAINING COURSES--DURING HIS RECENT VISIT TO
WASHINGTON DC LONG ADVISED US THAT HE WOULD BE SEEKING
AUTHORITY AT THIS COUNCIL MEETING TO TRANSFER APPROXIMATELY
\$40,000 WITHIN THE PRESENT GATT BUDGET TO FINANCE
60 FELLOWSHIPS FOR LEC PARTICIPANTS UNDER
THE GATT
COMMERCIAL POLICY TRAINING PROGRAM
NORMALLY THESE FUNDS
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ARE PROVIDED BY UNDP BUT BECAUSE OF THAT ORGANIZATION'S
SEVERE CASH FLOW PROBLEMS THIS YEAR THEY HAVE BEEN FORCED
TO CURTAIL FUNDING FOR INTER-REGIONAL PROJECTS, SUCH
AS THIS ONE, IN FAVOR OF INDIVIDUAL GOVERNMENT PROJECTS.
U.S. DEL MAY SUPPORT THE REPROGRAMMING OF THE NECESSARY
FUNDS FOR THIS PURPOSE.

16. UK'S AND PORTUGAL'S EXPORT INFLATION INSURANCE--
UNDER OTHER BUSINESS U.S. REP SHOULD MAKE A STATEMENT
INDICATING U.S. CONTINUING CONCERN ABOUT EXPORT INFLATION
INSURANCE AND ITS TRADE DISTORTING EFFECTS. THE
U.S. BELIEVES SUCH PROGRAMS CONSTITUTE EXPORT SUBSIDIES
UNDER ARTICLE XVI (4) AND SHOULD BE NOTIFIED TO THE
GATT UNDER ARTICLE XVI (1). WHILE U.S. REP SHOULD BE
CAREFUL NOT TO SINGLE OUT THE MOST RECENTLY ANNOUNCED
PORTUGUESE EXPORT INFLATION PROGRAM FOR SPECIAL TREATMENT,
HE SHOULD NOTE THIS LATEST ADDITION AND THE RECENT

CHANGES IN THE UK'S SCHEME. HE SHOULD URGE PORTUGAL, UK,
AND OTHER COUNTRIES WITH SIMILAR MEASURES TO NOTIFY THEM
TO THE GATT UNDER ARTICLE XVI(1). WE RESERVE OUR RIGHT
TO RETURN TO THIS ISSUE IN THE FUTURE. KISSINGER UNQUOTE INGERSOLL

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